SALES & MARKETING MANAGEMENT

MAY 1992
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DO YOU NEED AN IMAGE CONSULTANT?

CO-OP ADVERTISING
The Care and Feeding
Of a Cash Cow

GLOBAL MARKETING
Negotiating Abroad:
Vive les Differences!

KEY MARKET STUDY
Newspapers Fight Back:
Read All About It!

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COVER BY MICHAEL GARLAND

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ABP BPA

BY THAYER C. TAYLOR, SENIOR EDITOR

SMA SOFTWARE PRICES: WHEN FLAT IS GOOD

Like Banquo's ghost, the price tag of sales and marketing automation (SMA) packages continues to dog the vendors of SMA software. According to an analysis of *S&MM*'s "1991 Directory of PC-Based Sales & Marketing Applications Software" (December), the median price of the 826 titles listed is $495, the same as it was in 1988—when only 399 packages appeared in the Directory.

And there's a strong possibility that this median will persist in 1992. A key indicator: The 104 *new* titles in the 1991 Directory also have a median price of $495, and it's fairly safe to assume that the PC industry's depressed conditions will defuse any attempts to raise prices this year.

Interestingly, both the cheapest and costliest software increased in relative importance. The number of titles selling for less than $100 increased from 13% in 1990 to 17% in 1991, while the number costing more than $10,000 rose from 6% to 10%.

Reflecting the maturity of the sales and marketing automation software market, increases in both packages (21%) and vendors (14%) were moderate in 1991 compared to previous years. However, these gains are dramatic when compared with the overall flatness of the PC industry in general—although SMA vendors weren't entirely immune to the industry's stalled status.

For example, among the Directory's 37 functional categories, price declines outnumbered increases more than two-to-one (21 vs. 10), while prices held firm in the remaining six categories (see box on page 82). This pattern was in sharp contrast to a year earlier, when the number of categories with price increases was almost the same as those posting declines.

The swing to sales force automation in 1991 obviously helped SMA vendors. According to vendors' data, the number of installations among the functional categories primarily oriented to sales and marketing personnel showed a healthy 31% increase. The installed base among sales reps rose 23% to 5,836,052; among sales management, a whopping 154% to 860,805; and among marketing professionals, 26% to 386,238.

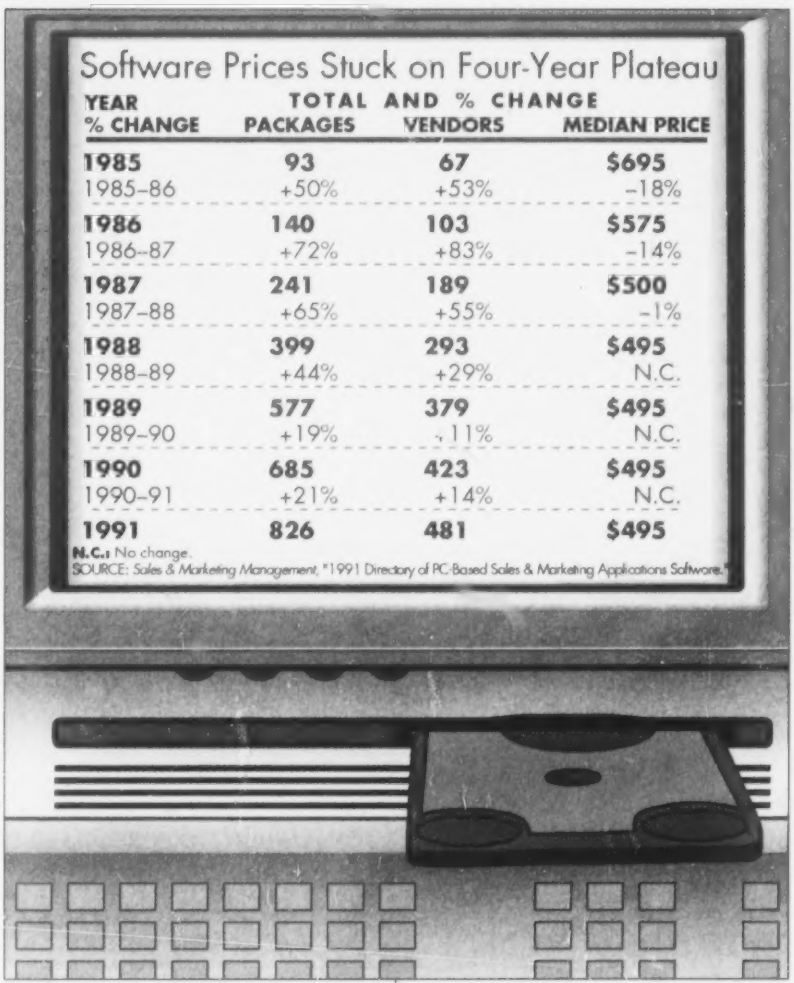
The categories in the *S&MM* Directory also include some general-purpose programs used by salespeople, such as word processing and personal management. Categories of primary importance to sales reps include account management, field sales/reps, inquiry/order, lead tracking, sales presentations, telemarketing, territory management, and travel & entertainment.

Those of particular importance to sales management include advertising, direct marketing, product management, sales analysis, sales forecasting, sales management, and sales planning. Marketing managers are primarily interested in market analysis, market research, marketing management, marketing planning, and sales & marketing analysis.

Software Prices Stuck on Four-Year Plateau

YEAR % CHANGE	TOTAL AND % CHANGE PACKAGES	VENDORS	MEDIAN PRICE
1985	**93**	**67**	**$695**
1985–86	+50%	+53%	–18%
1986	**140**	**103**	**$575**
1986–87	+72%	+83%	–14%
1987	**241**	**189**	**$500**
1987–88	+65%	+55%	–1%
1988	**399**	**293**	**$495**
1988–89	+44%	+29%	N.C.
1989	**577**	**379**	**$495**
1989–90	+19%	+11%	N.C.
1990	**685**	**423**	**$495**
1990–91	+21%	+14%	N.C.
1991	**826**	**481**	**$495**

N.C.: No change.
SOURCE: *Sales & Marketing Management*, "1991 Directory of PC-Based Sales & Marketing Applications Software."



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SECOND SALES AUTOMATION CONFAB SET FOR JUNE

The Sales Automation Assn. (SAA) in Dearborn, Mich., will hold its second annual conference from June 16 to 18 at the Water Tower Westin in Chicago. Compared to its first conference—where software vendors and consultants did most of the talking—SAA executive director Rebecca Drake says the speakers' agenda this year will be

Price Volatility Among Functional Categories

CATEGORY	NUMBER OF TITLES	MEDIAN PRICE	% CHANGE 1990-91
Account management	65	$395	N.C.
Advertising	26	610	+23.2%
Charts	2	114	-22.4
Desktop publishing	7	795	-5.9
Direct marketing	30	271	-41.8
Electronic mail	16	447	-25.5
Field sales/reps	14	845	-15.5
Fleet car management	4	2,000	-11.0
Graphics	28	210	-11.8
Hiring/training	38	190	+26.7
Inquiry/order	8	495	-44.7
Lead tracking	36	470	-5.1
Mapping-geographic	32	995	N.C.
Mapping-perceptual	6	473	-4.4
Market analysis	37	995	+43.2
Market research	48	900	N.C.
Marketing management	10	295	-54.3
Marketing planning	7	299	N.C.
Meeting planning	37	795	-38.8
Personal management	29	139	-20.1
Pricing	5	1,995	+14.1
Product management	14	445	-52.9
Project management	17	399	+60.9
Sales analysis	18	1,998	+187.5
Sales & marketing	42	695	+16.8
Sales & marketing analysis	3	1,050	N.C.
Sales forecasting	22	495	N.C.
Sales management	68	595	-14.4
Sales planning	9	199	-49.9
Sales presentations	35	495	N.C.
Statistical analysis	37	437	-11.7
Telemarketing	26	873	+6.1
Territory management	11	1,000	+72.4
Trade show marketing	4	1,498	-94.6
Travel & entertainment	9	100	-23.1
Word processing/Misc.	24	197	+35.9
Zip code tracking	4	2,053	-58.9

N.C.: No change.

SOURCE: *Sales & Marketing Management*; "1991 Directory of PC-Based Sales & Marketing Applications Software."

Most Popular Sales/Marketing-Oriented Programs

RANK/TITLE	INSTALLATIONS	CATEGORY
1. Storyboarder	2,500,000	Sales Presentations
2. PC-FILE 6.0	850,000	Telemarketing
3. Aldus Persuasion	500,000	Sales Presentations
3. APPLAUSE II 1.5	500,000	Sales Presentations
5. Harvard Graphics 3.0	300,000	Sales Presentations
5. Sales Management Solutions 6.0	300,000	Sales Management
7. ACT! 2.0	250,000	Sales Management
8. DrawPerfect 1.1	150,000	Sales Presentations
9. GoldSpread	125,000	Market Analysis
10. Your Way	100,000	Account Management

Note: Based on information provided by software vendors.

SOURCE: *Sales & Marketing Management*; "1991 Directory of PC-Based Sales & Marketing Applications Software."

heavily weighed toward user case histories.

"The message we got loud and clear last year from attendees' evaluation forms," she says, "was that they wanted to hear from *users* about their experiences with sales automation—especially the problems they had to overcome."

According to Drake, roundtable discussions will also be used to stimulate the exchange of ideas by registrants. Ten exhibits by hardware and software vendors will be shown on the third day.

The registration fee for this year's conference is $695. For further details or questions, contact Rebecca Drake at 313-278-5655.

PERSONAL COMMUNICATIONS IN SALES REP'S FUTURE

Cellular phones, a boon to mobile sales professionals, are seen as the forerunner of what will be known by mid-decade as "personal communications networks" (PCNs). Sales reps who subscribe to such networks, says *The Personal Communications Network Market*, a report by Frost & Sullivan, a New York City-based research firm, will carry small, lightweight, rechargeable pocket-sized phones reachable through a personal number that won't be location-dependent, as is the case with today's models.

By 1996, F&S says, PCN offerings will be equipped with one-way outgoing service, followed increasingly by two-way service. CATV companies will compete with cellular operators, offering PCN services to businesses as a local-access bypass strategy. "The necessary equipment is beginning to appear," the report says, "from pocket-sized telephones to a hand-held cellular phone that weighs 7.7 ounces. Batteries have improved to achieve significant talk/standby times—for example, 45/150 minutes for some products."

The report also predicts that cellular/PCN revenues will more than double—from $6.8 billion in 1991 to $16.6 billion by 1996. However, one vexing problem hangs over the market: the band spectrum. The Federal Communications Commission has said the private microwave frequency band (1,850-1,990 MHz) may serve PCN technologies. Unanswered is the question of what will happen to licensed private microwave users currently using the band.

Stay tuned. ❖